

Appendix A

Environmental Projects

In compliance with, and in addition to, the requirements in Section VIII of this Consent Decree (Environmental Projects) SRP shall comply with the requirements of this Appendix to ensure that the benefits of the \$4 million in Project Dollars are achieved.

I. Overall Environmental Projects Schedule and Budget

- A. Within one hundred twenty (120) days from entry of this Consent Decree, as further described below, SRP shall submit plans to EPA for review and approval for spending the \$4 million in Project Dollars specified in this Appendix in accordance with the deadlines established in this Appendix. EPA shall determine, prior to approval, that all Projects are consistent with federal law.
- B. SRP may, at its election, consolidate the plans required by this Appendix into a single plan.
- C. Beginning one hundred twenty (120) days from entry of this Consent Decree, and continuing annually thereafter until completion of each Project (including any applicable periods of demonstration or testing), SRP shall provide EPA with written reports detailing the progress of each Project, including an accounting of Project Dollars spent to date.
- D. As required by Paragraph 85 of the Consent Decree, within sixty (60) days following the completion of each Project required under this Consent Decree (including any applicable periods of demonstration or testing), SRP shall submit to the United States a report that documents the date that the Project was completed, SRP's results of implementing the Project, including the emission reductions or other environmental benefits achieved, and the Project Dollars expended by SRP in implementing the Project.
- E. Upon EPA's approval of the plans required by this Appendix, SRP shall complete the Environmental Projects according to the approved plans. Nothing in the Consent Decree or this Appendix shall be interpreted to prohibit SRP from completing the Environmental Projects before the deadlines specified in the schedule of an approved plan.

II. Clean Diesel School Bus Retrofit Project.

- A. Within one hundred twenty (120) days from entry of this Consent Decree, SRP shall submit to EPA for review and approval pursuant to Section XII (Review and Approval of Submittals) of this Consent Decree a plan to retrofit in-service public school bus diesel engines with emission control equipment further described in

this Section, designed to reduce emissions of particulates and/or ozone precursors (the "Clean Diesel School Bus Retrofit Project") and fund the operation and maintenance of the retrofit equipment for the time-period described below. This Project shall include, where necessary, techniques and infrastructure needed to support such retrofits. SRP shall spend no less than \$1.25 million in Project Dollars in performing this Clean Diesel School Bus Retrofit Project. SRP shall complete the installation of the retrofit equipment no later than December 31, 2010, and ensure that the recipients operate and maintain the retrofit equipment from the date of installation through December 31, 2015, by providing funding for operation and maintenance as described in Section II.B.7, below.

B. The plan shall also satisfy the following criteria:

1. Involve public school bus fleets located in the Phoenix metropolitan area (including the City of Phoenix, Maricopa County, Pinal County, and Yavapai County).
2. Provide for the retrofit of public school bus diesel engines with EPA or California Air Resources Board ("CARB") verified emissions control technologies to achieve the greatest measurable mass reductions of particulates and/or ozone precursors for the fleet of school buses in the public school district(s) that participate(s) in this Project. Depending upon the particular EPA or CARB verified emissions control technology selected, the retrofit school bus diesel engines must achieve emission reductions of particulates and/or ozone precursors by 30%-90%, as measured from the pre-retrofit emissions for the particular diesel school bus.
3. Describe the process SRP will use to determine the most appropriate emission control technology for each particular school bus diesel engine that will achieve the greatest mass reduction of particulates and/or ozone precursors. In making this determination, SRP must take into account the particular operating criteria required for the EPA or CARB verified emissions control technology to achieve the verified emissions reductions.
4. Provide for the retrofit school bus diesel engines with either: (a) diesel particulate filters or (b) diesel oxidation catalysts and closed crankcase ventilation systems.
5. Describe the process SRP will use to notify public school districts within the geographic area specified in Section II.B.1 that their fleet of school buses may be eligible to participate in the Clean Diesel School Bus Retrofit Project and to solicit their interest in participating in the Project.

6. Describe the process and criteria SRP will use to select the particular public school districts to participate in this Project, consistent with the requirements of this Section.
7. For each of the recipient public school districts, describe the amount of Project Dollars that will cover the costs associated with: (a) purchasing the verified emissions control technology, (b) installation of the verified emissions control technology (including datalogging), (c) training costs associated with repair and maintenance of the verified emissions control technology (including technology cleaning and proper disposal of waste generated from cleaning), and (d) the incremental costs for repair and maintenance of the retrofit equipment from the date of installation through December 31, 2015, including the costs associated with the proper disposal of the waste generated from cleaning the verified emissions control technology. This Project shall not include costs for normal repair or operation of the retrofit school bus.
8. Include a mechanism to ensure that recipients of the retrofit equipment will bind themselves to follow the operating criteria required for the verified emissions control technology to achieve the verified emissions reductions and properly maintain the retrofit equipment installed in connection with the Project for the period beginning on the date the installation is complete through December 31, 2015.
9. Describe the process SRP will use for determining which school buses in a particular public school fleet will be retrofit with the verified emissions control technology, consistent with the criteria specified in Section II.B.2.
10. Ensure that recipient public school district(s), or their funders, do not otherwise have a legal obligation to reduce emissions through the retrofit of school bus diesel engines.
11. For any third-party with whom SRP might contract to carry out this Project, establish minimum standards that include prior experience in arranging retrofits, and a record of prior ability to interest and organize fleets, school districts, and community groups to join a clean diesel program.
12. Ensure that the recipient public school district(s) comply with local, state, and federal requirements for the disposal of the waste generated from the verified emissions control technology and follow CARB's guidance for the proper disposal of such waste.
13. Include a schedule and budget for completing each portion of the Project,

including funding for operation and maintenance of the retrofit equipment through December 31, 2015.

- C. In addition to the information required to be included in the report pursuant to Section I.D, above, SRP shall also describe the school districts where it implemented this Project; the particular types of verified emissions control technology (and the number of each type) that it installed pursuant to this Project; the type, year, and horsepower of each retrofit school bus; an estimate of the number of school children effected by this Project, and the basis for this estimate; and an estimate of the emission reductions for each retrofit school bus (using the manufacturer's estimated reductions for the particular verified emissions control technology), including particulates, hydrocarbons, carbon monoxide, and nitrogen oxides.
- D. Upon EPA's approval of the plan, SRP shall complete the Clean Diesel School Bus Retrofit Project according to the approved plan and schedule.

III. Solar Photovoltaic (PV) Project.

- A. Within one hundred twenty (120) days from entry of this Consent Decree, SRP shall submit to EPA for review and approval pursuant to Section XII (Review and Approval of Submittals) of this Consent Decree a plan to install conventional fixed flat panel solar photovoltaics ("PV Project") on school buildings in Arizona and to fund the maintenance of such PVs for a minimum of 10 years following approval of the plan. SRP shall spend no less than \$2.0 million in Project Dollars in performing this PV Project, shall complete the PV installations no later than December 31, 2010, and shall maintain the PVs for a minimum of ten (10) years following approval of the plan.
- B. The plan shall also satisfy the following criteria:
 - 1. Involve two public school districts in the vicinity of Coronado Generating Station (e.g., St. Johns, Springerville, Edgar, Show Low) and two public school districts in the Phoenix metropolitan area (including the City of Phoenix, Maricopa County, Pinal County, and Yavapai County).
 - 2. Include a schedule and budget for completing each portion of the PV Project, including installation and maintenance costs for up to ten (10) years following approval of the plan.
 - 3. Describe the process SRP will use to notify public school districts identified in II.B.1, above, that they are eligible to participate in the PV Project and to solicit their interest in participating in the PV Project.

4. Describe the process and criteria SRP will use to select the public school building where SRP will install the PVs.
 5. Identify any person or entity other than SRP that will be involved in the PV Project. SRP shall describe the third-party's role in the Project and the basis for asserting that such entity is able and suited to perform the intended role. For purposes of this Project, third-parties shall only include non-profits, state and local agencies, or universities. Any proposed third-party must be legally authorized to perform the proposed role and to receive Project Dollars.
- C. In addition to the information required to be included in the report pursuant to Section I.D, above, SRP shall also identify the school buildings where the panels were installed, how many total panels, in kilowatts, were installed, the success of the Project in terms of efficiency and kilowatts generated per year, and any lessons learned.
- D. Upon EPA's approval of the plan, SRP shall complete the PV Project according to the approved plan and schedule.

IV. Wood Stove Changeout Project

- A. Within one hundred twenty (120) days from entry of this Consent Decree, SRP shall submit to EPA for review and approval pursuant to Section XII (Review and Approval of Submittals) of this Consent Decree a plan to sponsor a wood stove changeout campaign that a state, local, or tribal air pollution control agency ("air pollution control agency) or third-party non-profit will agree to implement in an area that would benefit from reductions of fine particle pollution and/or hazardous air pollutants by replacing pre-1988 wood stoves with EPA-certified wood-stoves and/or cleaner burning, more energy-efficient hearth appliances (e.g., wood pellet, gas, or propane stove) ("Wood Stove Changeout Project"). SRP shall spend no less than \$750,000 in Project Dollars in performing this Wood Stove Changeout Project, and shall complete the Project no later than December 31, 2011.
- B. The Wood Stove Changeout Project that SRP sponsors shall provide information (including, educational efforts and outreach regarding clean-burning alternatives to pre-1988 wood stoves and proper operation of the hearth appliances) and incentives through rebates, discounts, and in some instances, actual replacement of pre-1988 wood stoves for income-qualified residential homeowners, to encourage residential homeowners to replace their old, higher polluting and less energy efficient wood stoves (pre-1988 wood stoves) with cleaner burning, more energy efficient hearth appliances like wood pellet stoves, EPA-certified wood stoves, gas stoves, or propane stoves.

- C. SRP shall sponsor the implementation of the Wood Stove Changeout Project in areas in the vicinity of Coronado Generating Station (e.g., St. Johns, Springerville, Edgar, Show Low) that promise significant environmental benefit from the Wood Stove Changeout Project. In determining the specific areas to implement this Project within the aforementioned geographic area, SRP shall give priority to areas with high amounts of air pollution, especially particle pollution and/or hazardous air pollutants, areas located within a geography and topography that makes it susceptible to high levels of particle pollution, or areas that have a significant number of wood-burning appliances.
- D. The air pollution control agency(ies) and/or non-profit(s) that SRP selects shall implement the Wood Stove Changeout Project consistent with the materials available on EPA's website at <http://www.epa.gov/woodstoves/index.html>.
- E. The plan shall also satisfy the following criteria:
1. Identify the air pollution control agency(ies) and/or non-profit(s) selected to implement the Wood Stove Changeout Project.
 2. Describe the schedule and increments in which SRP shall provide the necessary funding to the air pollution control agency(ies) and/or non-profits(s) to implement the Wood Stove Changeout Project.
 3. Ensure that the air pollution control agency(ies) and/or non-profit(s) will implement the Wood Stove Changeout Project in accordance with the requirements of this Appendix, and that the Project Dollars will be used to support the actual replacement of pre-1988 wood stoves currently used as the primary or secondary source of residential heat with a cleaner burning, more energy efficient hearth appliance (i.e., wood pellet stove, EPA-certified wood stove, gas stove, or propane stove). SRP shall limit the use of Project Dollars for administrative costs associated with implementation of the program to no greater than 10% of the Project Dollars SRP provides to a specific air pollution control agency and/or non-profit.
 4. Describe all of the elements of the Wood Stove Changeout Project that the air pollution control agency(ies) and/or non-profit(s) will implement, including the type and amount of the incentive that will be made available to residential homeowners through the Wood Stove Changeout Project. If SRP proposes to fund the actual replacement of a pre-1988 wood stove for income-qualified residential homeowners, SRP shall describe the number of energy efficient hearth appliances it intends to make available, the cost per unit, and the criteria the air pollution control agency(ies) and/or non-profit(s) will use to determine which residential homeowners should be eligible for actual stove replacement.

5. If applicable, identify any organizations with which the air pollution control agency(ies) and/or non-profit(s) will partner to implement the Project, including such organizations as: the Hearth, Patio, and Barbecue Association of America, the Chimney Safety Institute of America, a local chapter of the American Lung Association, Tribal organizations, individual stove retailers, propane dealers, facilities that will dispose of old stoves so that they cannot be resold or reused, housing assistance agencies, local fire departments, local health organizations, and local green energy organizations.
 6. Describe how the air pollution control agency(ies) and/or non-profit(s) will ensure that the pre-1988 wood stoves will be properly recycled or disposed.
- F. Upon EPA's approval of the plan, SRP shall complete the Wood Stove Changeout Project according to the approved plan and schedule.